

CONFIDENTIAL

DD/S 59-4563

ER 11-6556/b

25X1

7 NOV 1959

The Honorable Paul J. Kilday
Chairman, Subcommittee on CIA
Committee on Armed Services
U. S. House of Representatives
Washington 25, D. C.

Dear Mr. Kilday:

I refer to your letter of 18 June 1959 and to my interim replies of 25 July and 3 August 1959 concerning the possibility of the General Accounting Office expanding the scope of its audit activities in the Central Intelligence Agency.

Following a series of conferences between our representatives, the Comptroller General and I have agreed to certain fundamental principles which we believe will permit the General Accounting Office to expand its audit activities in a considerable portion of this Agency. I enclose herewith self-explanatory copies of my letter of 16 October to the Comptroller General and his reply of 21 October 1959 which constitute the basis of our agreement. We will now proceed to work out the detailed procedures and expand the audit activities without delay.

I trust these arrangements are in line with your Committee's thinking on this matter and I shall be glad to report more fully if you deem it necessary.

Sincerely,

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Allen W. Dulles
Director

2 Encls.

DD/S:LKW:ecb (Last para added O/DCI/JSE:blp)

(Letter as previously written had concurrence of Col. White, 5 Nov 59)

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DCI via Reading

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Executive Registry

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Sincerely,

Reverth

Allen W. Dulles
Director

CONCUR:

2 Encls.

DD/S:LKW:ecb

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15/
L. K. White

Deputy Director

(Support)

5 November 1969

16 October 1959

The Honorable Joseph Campbell
The Comptroller General of
the United States
Washington 25, D. C.

Dear Mr. Campbell:

Since we had the pleasure of briefing you on 30 July, we have discussed further with Mr. Samuelson how the General Accounting Office's audit of this Agency might be improved. I believe that the General Accounting Office can expand its current audit activities in a considerable portion of the Agency, and in moving forward in this direction I feel that we should reach agreement on certain fundamental aspects.

In the Central Intelligence Agency Act of 1949, the Congress, recognizing some of the unique problems involved in the conduct of intelligence activities, provided broad authorities over the expenditure of and accounting for Agency funds. In particular, Section 8 of that Act (formerly Section 10) provides that expenditures for objects of a confidential, extraordinary, or emergency nature are to be accounted for solely on the certificate of the Director and every such certificate shall be deemed a sufficient voucher for the amount therein certified. This wording does not contemplate the review of expenditures which the Director certified were made for confidential, extraordinary, or emergency purposes.

While all funds appropriated to the Agency are technically on an "unvouch-ered" basis, it has been my policy and that of my predecessors to limit the exercise of this special authority to those activities which in the national interest should have the maximum security protection. To the extent possible Agency funds are expended under the other provisions of the Central Intelligence Agency Act and the vouchers for these expenditures are available to the General Accounting Office. This policy has been exercised to such a degree that certain activities, not in themselves sensitive but conducted solely in support of highly

C-O-P-Y

The Central Intelligence Agency presents problems on sufficient breadth of coverage and review of detail for the purpose of reaching sound evaluations, but we are willing to broaden our activities at Central Intelligence Agency within the principles expressed in your letter. However, in the event it appears after a trial period that our reviews are limited to such an extent that we cannot effectively and constructively accomplish any worthwhile objectives, we will have to consider whether the audit should be continued.

On the basis of the above, we are willing to have further discussions with your Staff in order that the audit may proceed.

Sincerely yours,

/s/ Joseph Campbell

Comptroller General
of the United States